

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION

FINANCIAL STATEMENTS

Year Ended November 30, 2022



**BEAN, RHOTON & KELLEY, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS

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**AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION**  
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**November 30, 2022**

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**BEAN, RHOTON & KELLEY, PLLC**  
Certified Public Accountants

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

Board of Directors  
American Historic Racing Motorcycle Association  
Elora, TN 37328

We have reviewed the accompanying financial statements of American Historic Racing Motorcycle Association (a nonprofit organization), which comprise the statement of financial position as of November 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

**Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Supplementary Information**

The supplementary information included in Program Revenues and Expenses and Program Expenses-Indirect and General and Administrative Expense is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Bean, Rhoton, & Kelley, PLLC  
Winchester, Tennessee  
June 26, 2023

**AMERICAN HISTORIC MOTORCYCLE ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
**November 30, 2022**

**ASSETS**

Current assets

Cash and cash equivalents	\$ 44,499.79
Investments	177,350.00
Accounts receivable	35,647.50
Prepaid expenses	18,516.17

TOTAL CURRENT ASSETS	<u>276,013.46</u>
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Property and equipment, net of depreciation	<u>5,367.62</u>
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Total Non-Current Assets	<u>5,367.62</u>
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TOTAL ASSETS	<u><u>\$ 281,381.08</u></u>
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**LIABILITIES**

CURRENT LIABILITIES

Accounts payable	\$ 18,704.26
Accrued liabilities	98,922.50

TOTAL CURRENT LIABILITIES	<u>117,626.76</u>
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NON-CURRENT LIABILITIES

Installment notes payable	<u>350,032.00</u>
	467,658.76

**NET ASSETS**

Net deficit without donor restrictions without board designations	(351,423.40)
Net assets without donor restrictions with board designations	17,780.00
Net assets with donor restrictions	<u>147,365.72</u>

TOTAL NET ASSETS	<u>(186,277.68)</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 281,381.08</u></u>
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The accompanying notes are an integral part of this statement.

**AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended November 30, 2022**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Assets
REVENUES & SUPPORT			
Membership Dues	\$ 222,557.00	\$ 0.00	\$ 222,557.00
Program Income	1,655,040.21	15,943.00	1,670,983.21
Donations	3,304.25	0.00	3,304.25
Investment Loss	1.80	(25,091.66)	(25,089.86)
Miscellaneous Income	11,912.13	0.00	11,912.13
TOTAL REVENUES & SUPPORT	<u>1,892,815.39</u>	<u>(9,148.66)</u>	<u>1,883,666.73</u>
Net assets released from restrictions	93,594.40	(93,594.40)	0.00
EXPENSES			
Program Expenses- Direct	1,749,638.97	0.00	1,749,638.97
Program Expenses- Indirect	269,850.49	0.00	269,850.49
General and Administrative	<u>200,486.16</u>	<u>0.00</u>	<u>200,486.16</u>
TOTAL EXPENSES	<u>2,219,975.62</u>	<u>0.00</u>	<u>2,219,975.62</u>
NET INCOME (LOSS) FROM OPERATIONS	(233,565.83)	(102,743.06)	(336,308.89)
NET ASSETS/(DEFICIT), BEGINNING OF YEAR	(85,593.00)	250,108.78	164,515.78
PRIOR PERIOD ADJUSTMENT (NOTE 7)	<u>(14,484.57)</u>	<u>0.00</u>	<u>(14,484.57)</u>
NET ASSETS, BEGINNING OF YEAR AS RESTATED	<u>(100,077.57)</u>	<u>250,108.78</u>	<u>150,031.21</u>
NET ASSETS/(DEFICIT), END OF YEAR	<u>\$ (333,643.40)</u>	<u>\$ 147,365.72</u>	<u>\$ (186,277.68)</u>

The accompanying notes are an integral part of this statement.

**AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended November 30, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (336,308.89)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	
Depreciation	2,465.00
(Increase) decrease in:	
Receivables	(9,732.25)
Prepaid expenses	11,313.96
Increase (decrease) in:	
Accounts payable	(17,461.17)
Accrued liabilities	55,050.28
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b><u>(294,673.07)</u></b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Note payable loan proceeds	<u>250,032.00</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b><u>250,032.00</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Distributions from investment accounts for expenses and fees	<u>46,936.12</u>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b><u>46,936.12</u></b>

**NET INCREASE IN CASH AND CASH EQUIVALENTS** **2,295.05**

**BEGINNING CASH AND CASH EQUIVALENTS** **42,204.74**

**ENDING CASH AND CASH EQUIVALENTS** **\$ 44,499.79**

The accompanying notes are an integral part of this statement.

**AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION  
ELORA, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2022**

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

American Historic Racing Motorcycle Association (AHRMA) is organized as a nonprofit business association incorporated under the laws of the State of Ohio on January 5, 1989. The primary purpose of AHRMA shall be to review and promote the sport of vintage motorcycle racing by circulating printed material about the sport, by conducting exhibitions to introduce the sport to the public, by conducting vintage motorcycle racing events, and by giving instructional clinics for the public, all to the end of providing wholesome activity and entertainment for the social improvement and welfare of the community.

The financial statements are prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period in which they occur, regardless of the timing of related cash flow.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

An allowance for doubtful accounts was set up by the Organization for the year ended November 30, 2022. The amount is equivalent to 50% of the total accounts receivable which are over 90 days old. The amount of the allowance for doubtful accounts at November 30, 2022 is \$0.

Inventory

The inventory consists of items for resale and are priced at the lower of cost (determined on the first-in, first-out basis) or market. The amount of inventory at November 30, 2022 is \$0.00.

Property and Depreciation

Fixed assets are recorded at cost or fair market value if donated. Major expenditures for equipment and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed when incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. Depreciation is computed on a straight-line method over the estimated useful lives of the assets, which is three to seven years. Depreciation expense for the year ended November 30, 2022 was \$2,465.00.

Income Tax Status

AHRMA is a not-for-profit organization exempt from income taxes under Section 501 (c) (4) of the Internal Revenue Code, and therefore, no provision has been made for income taxes.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION  
ELORA, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets without donor restrictions include general revenues and expenses associated with the principal mission of AHRMA.

Net assets with donor restrictions include gifts for which donor-imposed restrictions have not been met (primarily future capital projects).

Net assets with donor restrictions also include gifts, trusts, and pledges, which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions and gifts, which have been donor stipulated.

NOTE 2 – CASH AND CASH EQUIVALENTS

The Organization maintained the following cash balances:

General checking account	\$ 44,199.79
Petty cash	<u>300.00</u>
Total	<u>\$ 44,499.79</u>

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the AHRMA's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2022</u>
Financial assets at year end	\$276,013.46
Less those unavailable for general expenditures Within one year, due to:	
Accounts payable	18,704.26
Accrued liabilities	98,922.50
Donor-restricted – benevolent fund	128,133.25
Donor-restricted – Chaplin Steve Hudson	<u>19,232.47</u>
Financial assets available to meet cash needs for General expenditure within one year	<u>\$ 11,020.98</u>



**AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION  
ELORA, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2022**

**NOTE 4 – INVESTMENTS**

Investments are composed of mutual funds investing in debt and equity securities which are carried at their fair value, as follows:

At November 30, 2022	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Mutual Funds	\$196,557.53	\$177,350.00	(\$19,207.53)

**NOTE 5 – NOTES PAYABLE**

Notes payable consist of the following:

Installment note payable to [REDACTED] Payable in monthly installments of \$1,709.37 until April 2029, interest at 1.00%	100,038.00
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Installment note payable to [REDACTED] Payable in annual installments of \$101,250.00 until December 2024, interest at 1.00%	249,994.00
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Maturities of long-term debt are as follows:

2023	\$ 0.00
2024	113,046.30
2025	119,733.18
2026	19,931.41
2027	20,131.65
Thereafter	<u>77,189.46</u>
	<u>\$ 350,032.00</u>

**NOTE 6 – LEASES**

The Organization houses its operations at the premises of the Executive Director on a month-to-month basis. The total rent expense for the year ended November 30, 2022 was \$700.00.

**AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION  
ELORA, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2022**

**NOTE 7 – NET ASSETS**

The Organization's governing board has designated net assets for the following purposes as of November 30, 2022:

Safety Fund	\$ 17,780.00
	<u>\$ 17,780.00</u>

Net assets with donor restrictions at November 30, 2022, consist of the Organization's funds listed below:

Benevolent fund	\$128,133.25
Chaplin Steve Hudson fund	<u>19,232.47</u>
	<u>\$147,365.72</u>

Net deficit without donor restrictions at November 30, 2022: (\$351,423.40)

**NOTE 8 – PRIOR PERIOD ADJUSTMENT**

During the current year, certain errors resulting in an overstatement of previously reported cash values was discovered. Accordingly, an adjustment of \$14,484.57 was made to reduce cash as of the beginning of the year. A corresponding entry was made to reduce previously reported net assets.

**NOTE 9 – GOING CONCERN**

The Organization began operations in 1989 to review and promote the sport of vintage motorcycle racing. The financial statements were prepared on a going concern basis. The going concern basis assumes the Organization will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

During the year ended November 30, 2022, the Organization had a decrease in net assets of \$336,308.89 and negative cash flow from operating activities of \$294,673.07. The Organization believes it has sufficient cash and net assets to operate over the next 6 months. However, additional funding will be necessary to meet the operational needs of the Organization.

To date in 2023, the Organization has experienced a further decrease in net assets and negative cash flows from operating activities. Whether and when the Organization can attain an increase in net assets and positive cash flows from operating activities is uncertain. In the future, these uncertainties may cast doubt upon the Organization's ability to continue as a going concern.

The Organization will need to obtain funding in order to fund its operations. This need may be adversely affected by the downturn in the economy and uncertain market conditions. To address its financing requirements, the Organization will seek financing through debt financing and establishing a line of credit on the investment account. The outcome of these matters cannot be predicted at this time.

**NOTE 8 – DATE OF MANAGEMENT'S REVIEW**

AHRMA has considered all events subsequent to November 30, 2022 and through June 26, 2023, the issuance date of these financial statements.

## **SUPPLEMENTAL SCHEDULES**

**AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION**  
**PROGRAM REVENUES AND EXPENSES**  
**For the Year Ended November 30, 2022**

	Revenue	Expense	Net
PROGRAMS			
Road Race	\$ 862,055.31	\$ 818,640.17	\$ 43,415.14
Off Road (MX, CC, TR)	101,896.00	135,621.08	(33,725.08)
Dirt Track	29,170.00	59,659.15	(30,489.15)
MotoFest	578,150.90	664,696.23	(86,545.33)
Benevolent Fund	4,293.00	15,500.00	(11,207.00)
Safety Fund	14,568.00	0.00	14,568.00
Chaplin Steve Hudson Fund	11,650.00	15,141.07	(3,491.07)
Sponsorships	69,200.00	40,381.27	28,818.73
TOTAL PROGRAMS	<u>\$ 1,670,983.21</u>	<u>\$ 1,749,638.97</u>	<u>\$ (78,655.76)</u>

The accompanying notes are an integral part of this statement.

**AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION**  
**PROGRAM EXPENSES- INDIRECT AND GENERAL AND ADMINISTRATIVE EXPENSES**  
**For the Year Ended November 30, 2022**

**PROGRAM EXPENSES- INDIRECT**

Commissions paid	\$	44,740.02
Motorsport processing fees		75,912.69
Memberships		3,811.23
Printing/Advertising		81,190.33
Participant insurance		4,373.55
Trophies		57,482.67
Bad debt		2,340.00

<b>TOTAL PROGRAM EXPENSES- INDIRECT</b>	<b>\$</b>	<b>269,850.49</b>
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**GENERAL AND ADMINISTRATIVE EXPENSES**

Accounting	\$	7,056.00
Bank charges		3,603.77
Board meetings		9,453.65
Computer expense		9,268.28
Consultants		7,662.42
Depreciation		2,465.00
Donations		2,000.00
Election expense		1,438.00
Insurance		1,771.00
Marketing		30,278.98
Merchant Fees		5,632.08
Miscellaneous		280.00
Office expense		12,645.66
Office rent		4,682.40
Salaries		42,800.01
Payroll taxes		10,608.50
Postage		40,769.73
Telephone		4,540.88
Travel		3,529.80

<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>\$</b>	<b>200,486.16</b>
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The accompanying notes are an integral part of this statement.